



# DEPARTMENT OF MANAGEMENT AND BUDGET

## FAIRFAX COUNTY ECONOMIC INDICATORS ©

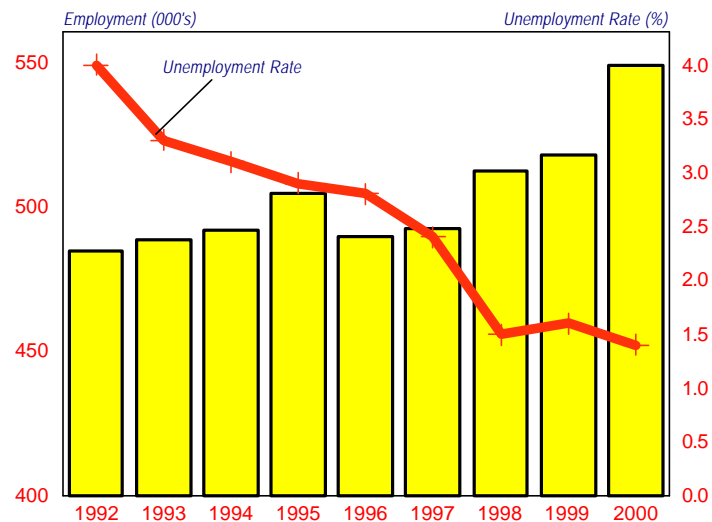
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### JUNE HIGHLIGHTS

- ❑ Virginia's unemployment rate in May is the lowest May rate in the 51 years the statistic has been tracked.
- ❑ Homes sales data through May are mixed. Sales volume is declining for new homes but rising for existing homes, and median sales prices are growing moderately.
- ❑ Building permits continue same pattern—new dwelling permits have declined from last year's levels, but repair and alteration permits are up sharply.
- ❑ June Sales Tax receipts for Fairfax County are up 6.1 percent—slower growth than in previous months.
- ❑ Consumer Confidence fell 4.1 percent in June suggesting a slight economic slowdown in the months ahead.
- ❑ The Fairfax County Coincident and Leading Indices, as well as the Metropolitan Coincident and Leading Indices, declined slightly in April, suggesting more moderate growth on the horizon.

### RESIDENTIAL EMPLOYMENT - MAY



Source: Virginia Employment Commission  
Compiled by the Fairfax County Dept. of Management and Budget



In May, the County's unemployment rate increased 0.1 percent, from 1.3 percent to 1.4 percent, according to the Virginia Employment Commission (VEC). The May rate of 1.4 percent is 0.2 points lower than the 1.6 rate in May 1999. According to the VEC, the Fairfax County labor force grew to 556,758 in May.

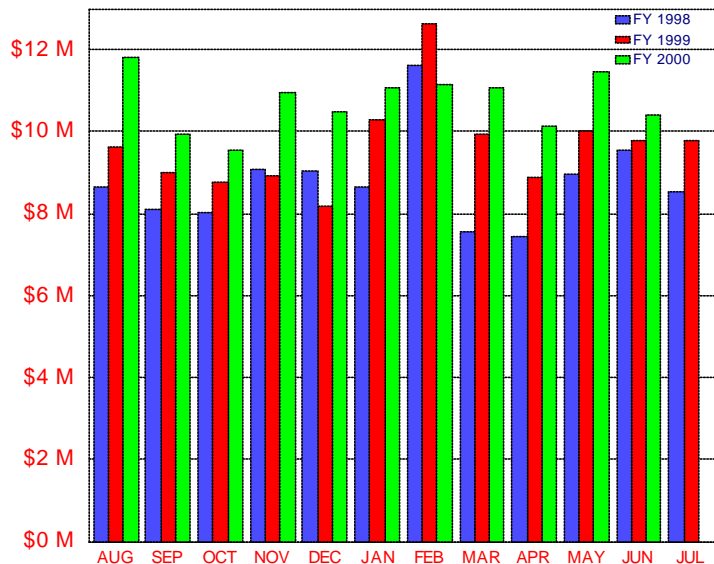
Statewide, the unemployment rate rose to 2.5 percent in May from 2.3 percent in April. Despite the fact that unemployment increased over April, the VEC noted that 2.5 percent is the lowest May unemployment rate in the 51 years they have tracked the statistic. Furthermore, Virginia's unemployment rate is lower than both the 2.8 percent rate from May 1999 and the national May unemployment rate of 3.9 percent.

The VEC attributed the rise in unemployment to the annual influx of students into the job market after college graduations in May, but noted that the job market for graduates is very strong. The VEC also warned that June unemployment is likely to rise with high school youth entering the labor market along with college students already looking for jobs. However, the strong economy coupled with a relatively small youth population should make for a good summer job market.

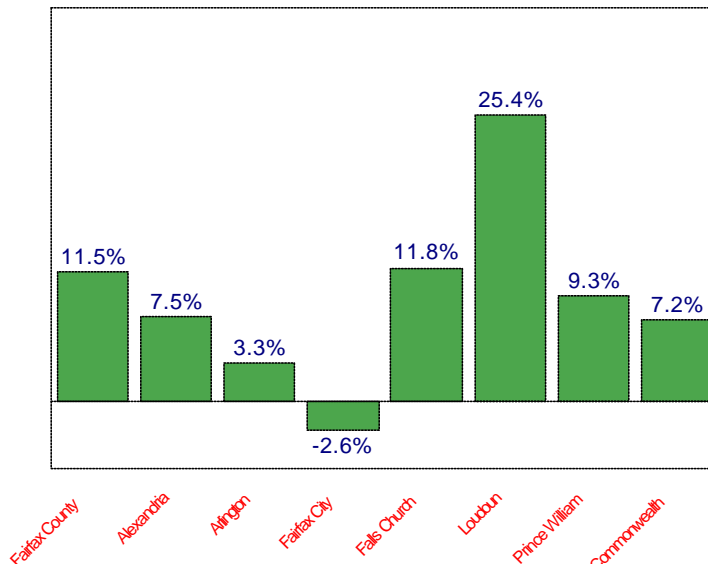
The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

<http://www.co.fairfax.va.us/comm/economic/economic.htm>



**SALES TAX REVENUES***(revenues represent retail sales two months prior)*

Source: Virginia Department of Taxation  
 Compiled by the Fairfax County Dept. of Management and Budget

**FY 2000 SALES TAX RECEIPTS THROUGH JUNE**

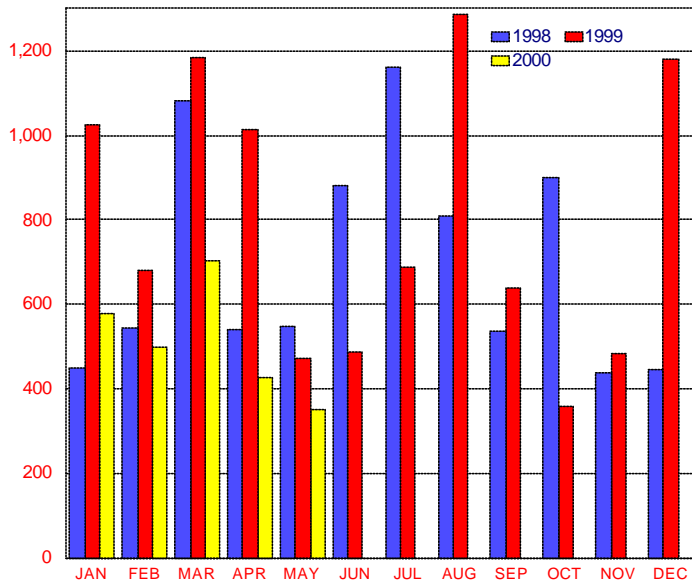
Source: Virginia Department of Taxation  
 Compiled by the Fairfax County Dept. of Management and Budget

While retail growth in Fairfax County is still strong, Sales Tax revenue began to show signs of moderation in June. June Sales Tax receipts, representing retail purchases made in April, increased 6.1 percent, or \$0.6 million, over the same month in 1999. Year-to-date Sales Tax revenue is still up 11.5 percent, or \$12.2 million, over the same period last year.

Nationally, seasonally adjusted advanced retail sales estimates for June are up 0.5 percent over May, and up 8.7 percent over June 1999, according to the Commerce Department. Durable goods sales increased 0.7 percent from May, and are up 7.9 percent over this month last year. Furniture sales were up 9.2 percent from June 1999, and automobile sales rose 8.2 percent during the same period. June nondurable goods increased 0.4 percent over May and 9.2 percent over June 1999. There has been no decline in fuel prices, driving June retail sales at gas stations up 23.0 percent over last June.

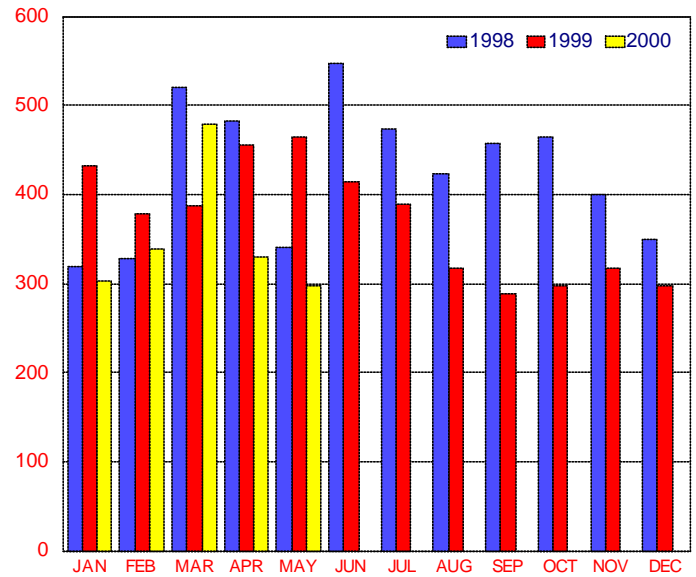
Fairfax County's year-to-date growth in Sales Tax receipts trails Loudoun County by a large margin and Falls Church by a fraction of a percent, according to data from the Virginia Department of Taxation. Sales Tax receipts for the first 11 months of FY 2000 are up 11.5 percent in Fairfax County, 25.4 percent in Loudoun County, and 11.8 percent in Falls Church. Most other Northern Virginia localities experienced at least moderate growth, except Fairfax City, which fell 2.6 percent. Sales Tax receipts grew 9.3 percent in Prince William County, 7.5 percent in Alexandria, and 3.3 percent in Arlington. Statewide, FY 2000 Sales Tax receipts increased 7.2 percent over the same period last year.

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



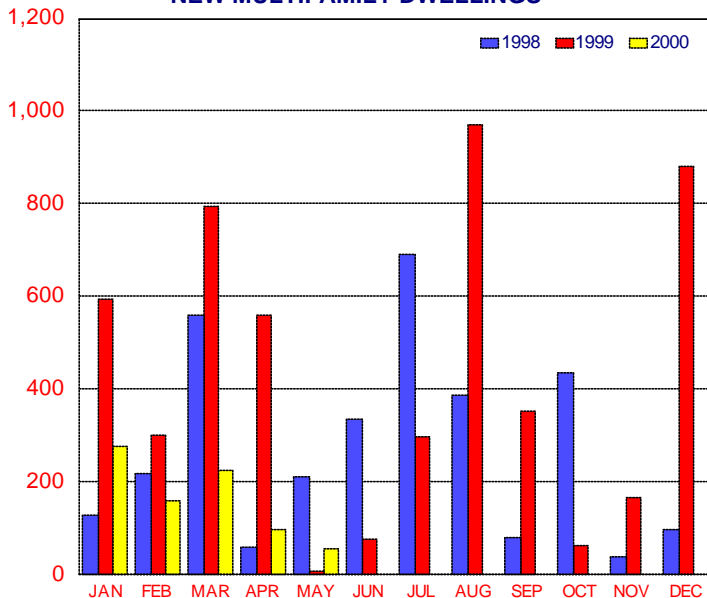
Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

### NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLINGS

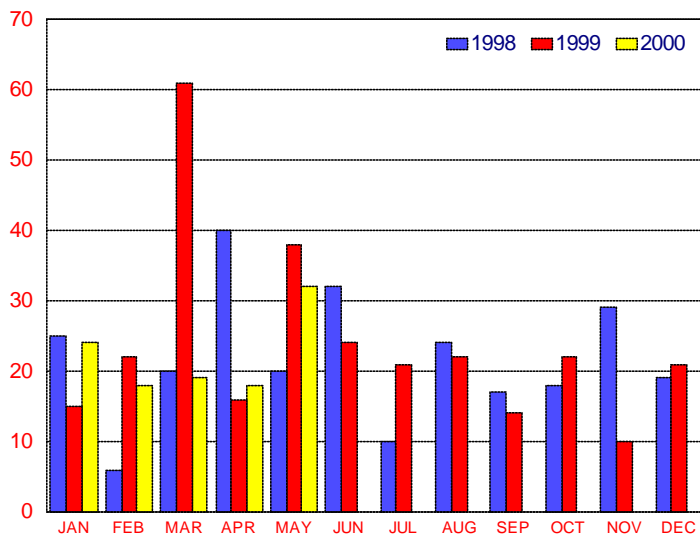


Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

New residential dwelling permits continue to decline in 2000, with year-to-date growth dropping 41.5 percent, or 1,814 permits, from the same period last year. The pattern that developed through the first four months of the year has continued in May. New multifamily residential dwelling permits are down 64.0 percent, or 1,443 permits, over the same period in 1999. Issues of single family residential dwelling permits through May 2000 total 1,749, a decline of 17.5 percent from the first five months of 1999.

Although new dwelling permits have declined, residential repair and alteration permits continue to show strong growth. Through May, issues of residential repair and alteration permits have increased 95.0 percent, from 4,701 permits in May 1999 to 9,165 permits in May 2000.

### NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES

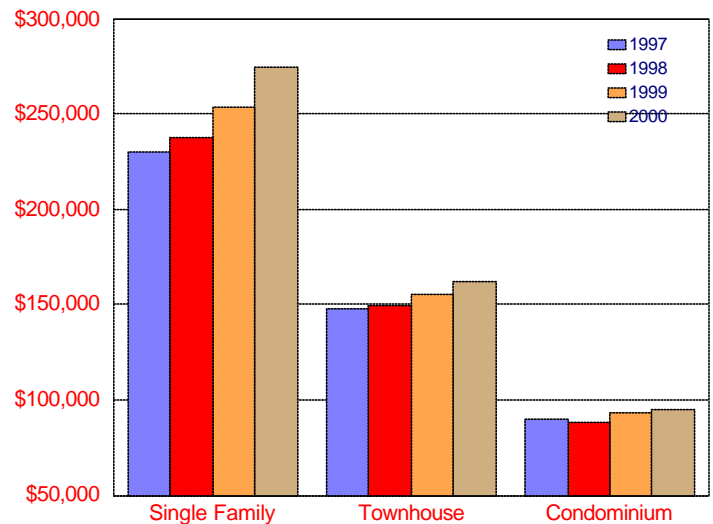


Source: Department of Public Works and Environmental Services  
Compiled by the Fairfax County Dept. of Management and Budget

Nonresidential building permits issued through May are down 27.0 percent, or 41 permits, from the same period in 1999. Nonresidential repair and alterations permits, however, are up 17.9 percent, or 293 permits, over the same time period.

### HOME SALES IN FAIRFAX COUNTY

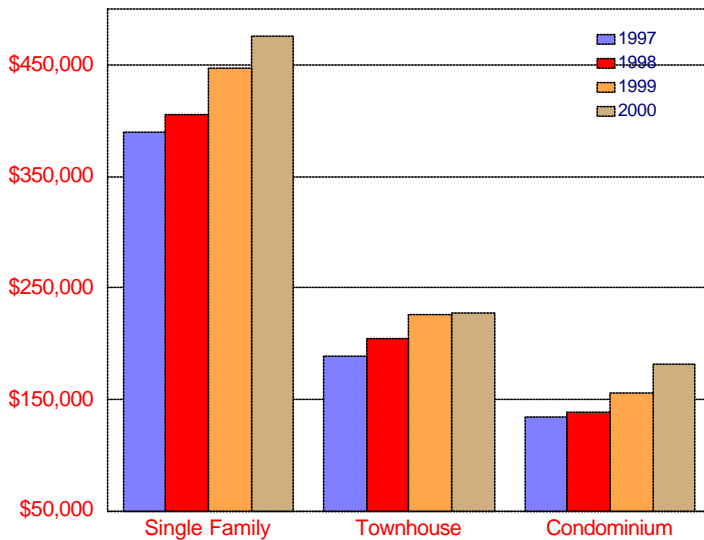
#### MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-MAY 2000 COMPARED TO ANNUAL MEDIAN PRICES 1997 - 1999



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Home sales data through the end of May 2000 indicate slow to moderate growth in the median sales prices of existing homes in Fairfax County. The median for existing single family homes is \$274,900, compared to the 1999 median of \$253,625—growth of 8.4 percent. The median sales price for townhomes grew 4.8 percent from \$155,000 in 1999 to \$162,500 through May 2000. The median for condominiums increased slightly from \$93,000 to \$95,000, representing growth of 2.2 percent.

**MEDIAN PRICE OF NEW HOMES SOLD  
JANUARY-MAY 2000 COMPARED TO  
ANNUAL MEDIAN PRICES 1997 - 1999**



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Changes in selling prices, coupled with the volume of sales, are generally considered to be reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to the selling prices within neighborhoods.

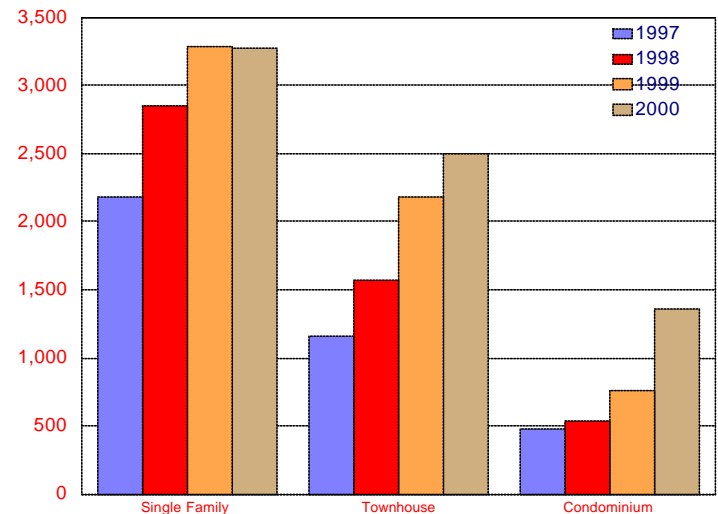
Growth in median sales price for new homes is more varied than for existing homes, according to sales data through May. The median sales price for a new condominium is \$181,080, an increase of 16.7 percent, or \$25,925, over the 1999 median. Townhomes, on the other hand, have only exhibited 0.7 percent growth, from \$226,520 to \$228,006 during the same period. New single family homes have shown moderate growth in median sales price, increasing 6.5 percent from \$446,947 to \$475,791.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD  
YEAR-END 1999 COMPARED TO 2000 THROUGH MAY**

	Existing Sales	New Sales
Single Family	8.4	6.5
Townhouse	4.8	0.7
Condominium	2.2	16.7

Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

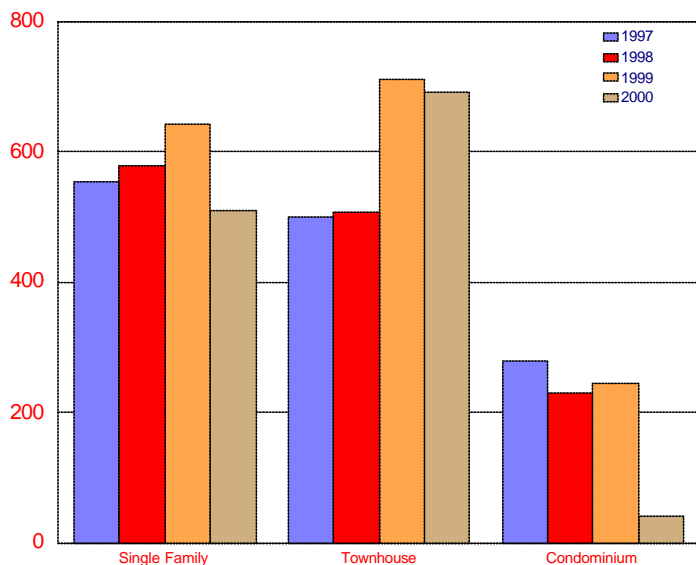
**NUMBER OF EXISTING HOMES SOLD  
JANUARY-MAY 1997-2000**



Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

Sales volume for existing homes through May 2000 is higher than the same period last year, primarily due to strong condominium sales. Sales of existing condominiums grew 77.6 percent from 764 to 1,357. Townhomes sales were up by 14.3 percent from 2,186 to 2,498. Single family home sales fell 19 units, or 0.6 percent, from 3,292 in 1999 to 3,273 in 2000.

### NUMBER OF NEW HOMES SOLD JANUARY-MAY 1997-2000



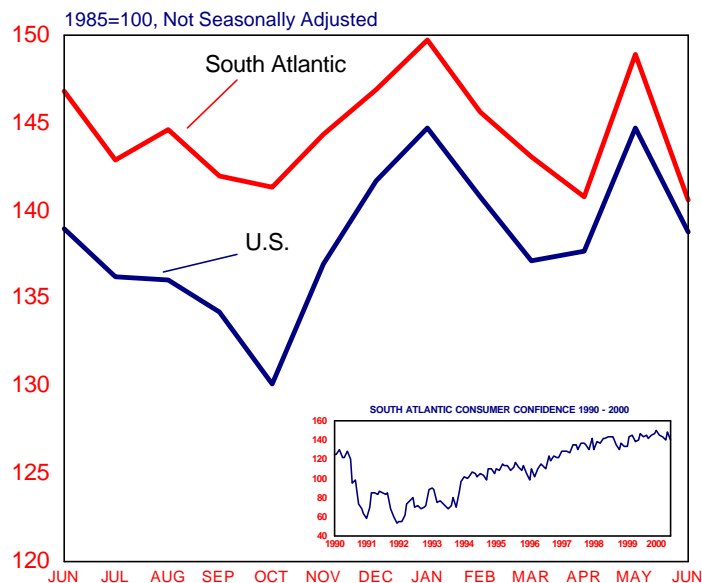
Source: Department of Tax Administration  
Compiled by the Fairfax County Dept. of Management and Budget

New home sales volume through May is down in every category. New condominium sales have dropped from 245 in 1999 to 42 in 2000—a decline of 82.9 percent. Single family home sales have fallen 20.6 percent, from 641 to 509. The decline in new townhouse sales was more moderate—a 3.0 percent drop from 711 to 690.

Data from the Virginia Association of Realtors also presents a mixed view of the Northern Virginia real estate market. Sales volume in Fairfax, Arlington, and Alexandria dropped 9.2 percent in April and is down 3.5 percent year-to-date. However, homes that hit the market do move quickly. The average home in those areas is on the market for just 37 days from listing to closing, compared to the statewide average of 135 days. So is the real estate market slowing? Perhaps a bit, although just how much will depend on whether rising mortgage rates have cooled the strong demand.

### ADDITIONAL INDICATORS

#### CONSUMER CONFIDENCE INDEX

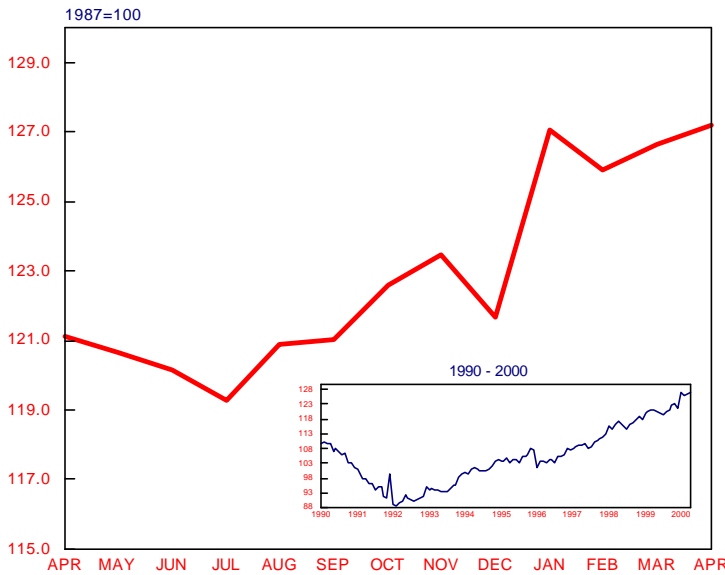


Source: Conference Board  
Compiled by the Fairfax County Dept. of Management and Budget

The national Consumer Confidence Index, which had rebounded sharply in May, fell 4.1 percent in June from 144.7 to 138.8. Consumers' confidence in current economic conditions declined 1.9 percent from May, and their short-term outlook dropped 6.3 percent. According to Lynn Franco, Director of The Conference Board's Consumer Research Center, several economic indicators released over the last month suggest a slowdown in economic activity. The drop in June's Consumer Confidence further affirms that the pace of economic activity should decelerate in the coming months, although consumers do not expect the current expansion to end any time soon according to Franco. The South Atlantic Consumer Confidence Index is 140.6 in June, a 5.6 percent decrease from May.

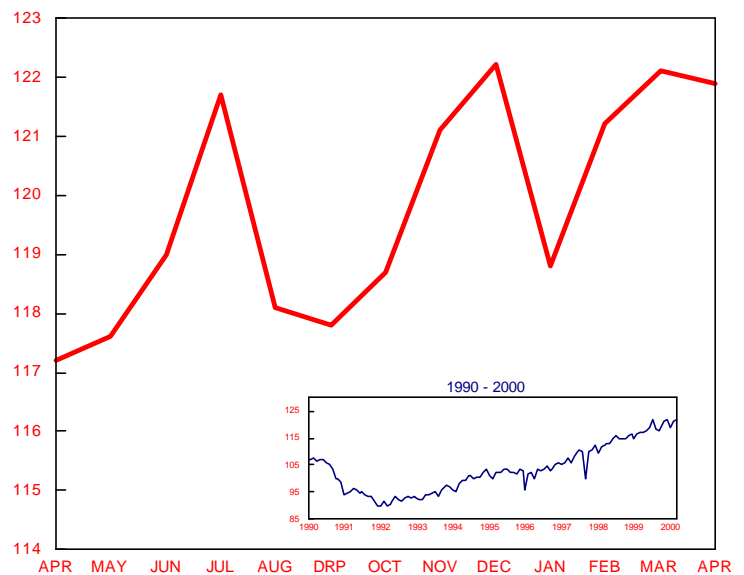
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

### FAIRFAX COUNTY COINCIDENT INDEX



Sources: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

### METROPOLITAN COINCIDENT INDEX



Source: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 127.2 in April, a gain of 0.4 percent. This gain represents the third increase in the first four months of 2000. Over the last 12 months, the Index has grown 5.0 percent driven primarily by new job creation. In April, two of the Index's four components were positive. Total employment rose sharply and has now been up for five consecutive months. Transient occupancy tax collections, adjusted for inflation and seasonal variation, were up in April for the eighth time in nine months. However, sales tax collections, adjusted for inflation and seasonal variation, dropped sharply for the third time in five months, and consumer confidence dropped after gaining in February and March.

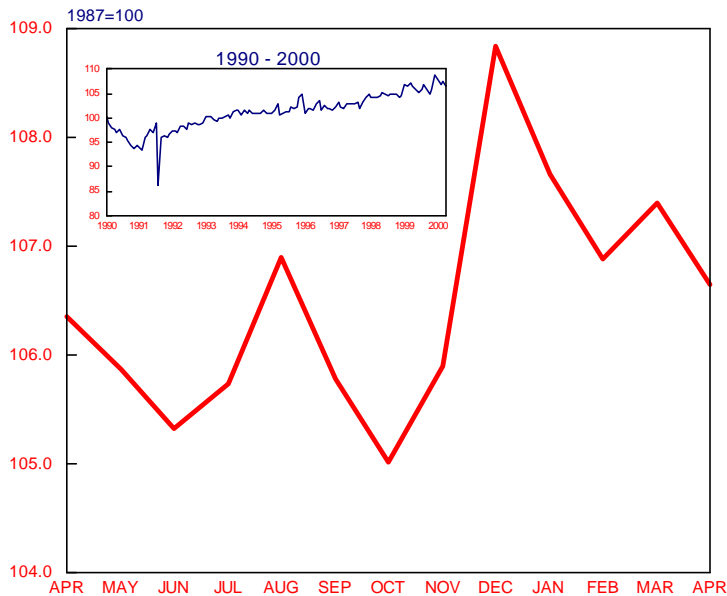


The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, decreased slightly to 121.9 in April 2000. This represents a 4.0 percent increase over April 1999. This drop is the first monthly decrease in 2000 and only the second in the last seven months. Two of the Index's four components contributed to its decline in April. Consumer confidence declined in April and it now well below its peak in December, and nondurable goods retail sales were down for the third time in the first four months of 2000. Total wage and salary employment increased for the third consecutive month and the seventh time in eight months, and domestic passenger traffic volume increased at Dulles and Reagan Airports for the third month in a row.



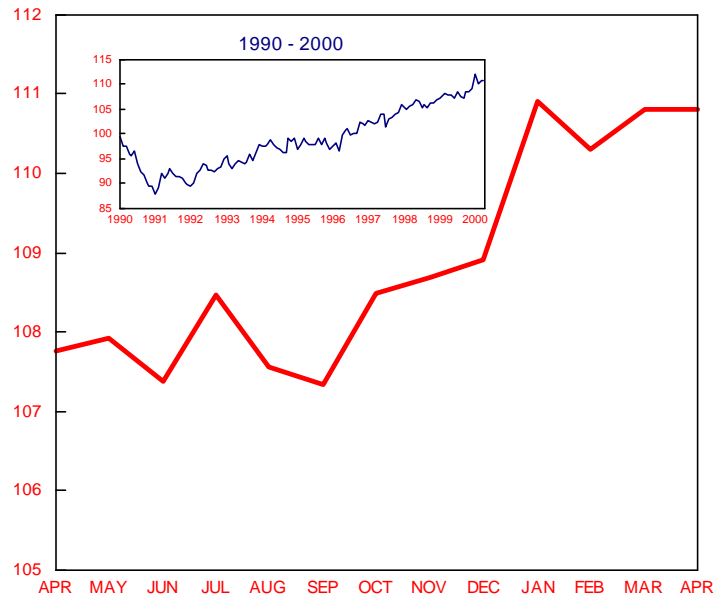


## FAIRFAX COUNTY LEADING INDEX



Sources: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

## METROPOLITAN LEADING INDEX



Source: Mason Enterprise Center, George Mason University  
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased slightly in April to 106.6, down 0.7 percent from its March level. The Leading Index is up only 0.3 percent from April 1999 and the 12-month moving average is beginning to trend lower, suggesting that slower growth may be on the horizon. In April, three of the Index's five components contributed to its decline. New automobile registrations, number of residential building permits, and the total value of residential building permits all fell for the third time in four months. Initial claims for unemployment insurance fell (improved) for the second month in a row and for the sixth time in seven months, and consumer expectations (consumer confidence six months hence) increased after falling in February and March.



The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, declined a negligible 0.03 percent to 110.8 in April. Although this is the second drop in three months, the Index is still trending upwards and has increased 2.8 percent over the last twelve months. In April, two of the Index's five components led to its slight decline. Total residential building permits fell for the second time in four months, and durable goods retail sales decreased slightly following two months of expansion. Consumer expectations (consumer confidence six months hence) increased following two monthly decreases, the Help Wanted Index was up for the first time in 2000, and initial claims for unemployment insurance declined (improved) for the third time in four months.



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